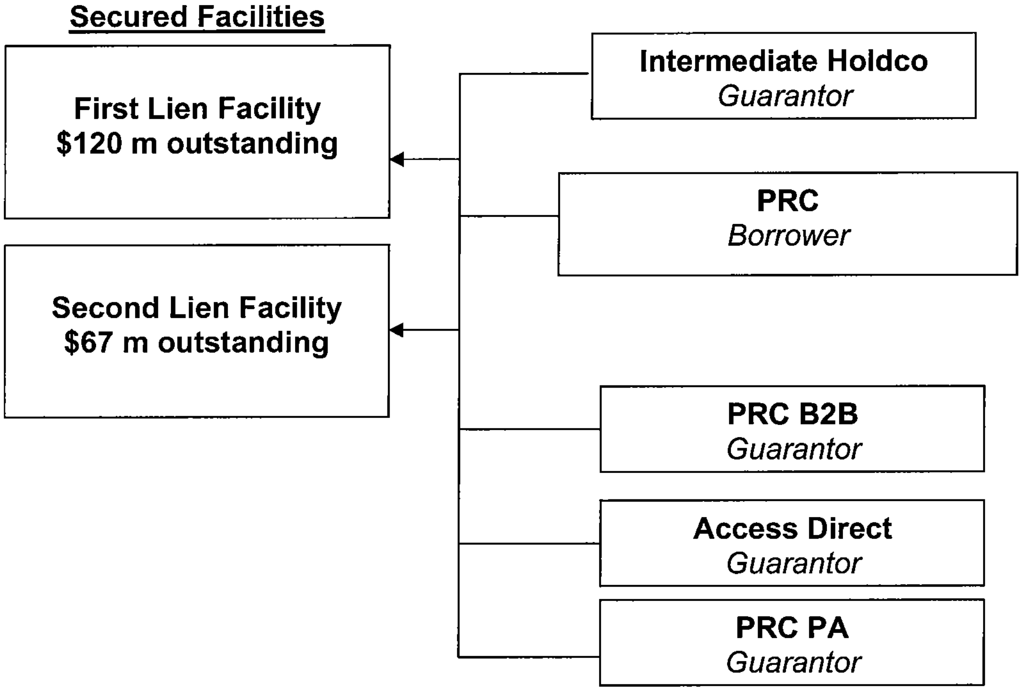
**D. SIGNIFICANT PREPETITION INDEBTEDNESS**

The following chart illustrates the Debtors' significant prepetition indebtedness:


Secured Facilities
First Lien Facility
$120 m outstanding
Second Lien Facility
$67 m outstanding
Intermediate Holdco
Guarantor
PRC
Borrower
PRC B2B
Guarantor
Access Direct
Guarantor
PRC PA
Guarantor

The instruments evidencing these obligations are described below. In addition to the foregoing, the Debtors estimate that they will have General Unsecured Claims of between $17 million and $32 million after completion of the reconciliation of General Unsecured Claims.

1. Prepetition First Lien Credit Agreement

As of the Commencement Date, the Debtors were parties to that certain $160,000,000 Amended and Restated First Lien Credit and Guaranty Agreement, dated as of November 29, 2006, as amended and restated on December 20, 2006 (as further amended, supplemented or otherwise modified from time to time, the "Prepetition First Lien Credit Agreement"), with RBS Securities Corporation ("RBSSC") as sole lead arranger and sole book running manager, the Royal Bank of Scotland plc ("RBS") as administrative agent and collateral agent, and certain lenders party thereto (collectively, the "Prepetition First Lien Lenders").

The Prepetition First Lien Credit Agreement provides for (i) a revolving credit facility in the maximum aggregate amount of $20 million, including letters of credit, and (ii) a term loan facility in the amount of $140 million. Obligations arising under the Prepetition First Lien Credit Agreement are direct obligations of PRC that are guaranteed by, and thus obligations of, the other Debtors. On November 30, 2006, financing statements were filed on behalf of the Prepetition First Lien Lenders regarding security interests created under the Prepetition First Lien Credit Agreement.

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In connection with the Prepetition First Lien Credit Agreement, the Debtors granted liens and executed security agreements in favor of RBS, as agent for the Prepetition First Lien Lenders, in substantially all of the Debtors' assets, including the following: (i) accounts, (ii) equipment, goods, inventory and fixtures, (iii) documents, instruments, and chattel paper, (iv) letters of credit and letter-of-credit rights, (v) securities collateral, (vi) investment property, (vii) intellectual property collateral, (viii) commercial tort claims, (ix) general intangibles, (x) money and deposit accounts, (xi) supporting obligations, (xii) books and records relating to all of the above, and (xiii) all other personal property, tangible and intangible, including proceeds and products of any of the foregoing.

2. Prepetition Second Lien Credit Agreement

The Debtors are parties to that certain $67,000,000 Amended and Restated Second Lien Credit and Guaranty Agreement, dated as of November 29, 2006, as amended and restated on December 20, 2006 (as further amended, supplemented or otherwise modified from time to time, the "Prepetition Second Lien Credit Agreement", and, together with the Prepetition First Lien Credit Agreement, the "Prepetition Credit Agreements"), with RBSSC as sole lead arranger and sole book running manager, and RBS as administrative agent and collateral agent, and certain lenders party thereto (collectively, the "Prepetition Second Lien Lenders").

The Prepetition Second Lien Credit Agreement provides for two term loan facilities in the maximum aggregate amounts of $55 million and $12 million, respectively. Obligations arising under the Prepetition Second Lien Credit Agreement are direct obligations of PRC that are guaranteed by, and thus obligations of, the other Debtors. On December 1, 2006, financing statements were filed on behalf of the Prepetition Second Lien Lenders regarding security interests created under the Prepetition Second Lien Credit Agreement.

In connection with the Prepetition Second Lien Credit Agreement, the Debtors granted second liens and executed security agreements in favor of RBS, as agent for the Prepetition Second Lien Lenders, in substantially all of the Debtors' assets, including the following: (i) accounts, (ii) equipment, goods, inventory and fixtures, (iii) documents, instruments, and chattel paper, (iv) letters of credit and letter-of-credit rights, (v) securities collateral, (vi) investment property, (vii) intellectual property collateral, (viii) commercial tort claims, (ix) general intangibles, (x) money and deposit accounts, (xi) supporting obligations, (xii) books and records relating to all of the above, and (xiii) all other personal property, tangible and intangible, including proceeds and products of any of the foregoing.

By letter, dated November 2, 2007, RBS provided written notice of its resignation as agent under the Prepetition Second Lien Credit Agreement, with such resignation becoming effective on or about December 3, 2007. Subsequently, Law Debenture Trust Company of New York was appointed as the successor agent for the Prepetition Second Lien Lenders.

3. Intercreditor Agreement

The relative priorities of liens held by the Prepetition First Lien Lenders and Prepetition Second Lien Lenders are subject to that certain Intercreditor Agreement, dated as of November 29, 2006 (as it may have been modified, supplemented or amended), between the Debtors, RBS in its capacity as agent for the Prepetition First Lien Lenders, and RBS in its capacity as agent for the Prepetition Second Lien Lenders. In accordance with the Intercreditor

Agreement, the Prepetition Second Lien Lenders agreed that liens on any collateral securing obligations under the Prepetition First Lien Credit Agreement are senior in all respects and prior to any lien on the collateral securing obligations under the Prepetition Second Lien Credit Agreement.

4. Recent Financial Information

As of December 31, 2007, the Debtors' unaudited consolidated financial statements reflected assets totaling approximately $350 million and liabilities totaling approximately $260 million. As of December 31, 2007, the Debtors' assets included Cash or Cash equivalents of approximately $18.8 million, and accounts receivable of approximately $74.3 million.

The Debtors' total revenues for the twelve-month period ending December 31, 2007 amounted to approximately $472.9 million, a 12% increase over total revenues for the twelve-month period ending December 31, 2006. The Debtors' EBITDA for the twelve-month period ending December 31, 2007 was approximately $10.14 million, a 72% decrease from reported EBITDA during the twelve-month period ending December 31, 2006.

# IV.

# KEY EVENTS LEADING TO THE COMMENCEMENT OF THE REORGANIZATION CASES

## A. DECLINE IN FINANCIAL PERFORMANCE

Over the course of 2007, the Debtors have faced a number of challenges, which, taken together, had a negative impact on their overall financial performance, impaired their ability to service debt, obtain financing, and add new clients. Ultimately, these challenges necessitated the commencement of the Reorganization Cases.

1. Competition and Market Conditions

The Debtors' business is extremely competitive. The Debtors have numerous domestic and foreign competitors for market share. In many cases, the Debtors are not the sole provider to a client and their revenues from a client vary from month to month, or decline, if a client allocates call volumes to a competitor. Client contracts in the Debtors' industry also may contain various termination and ramp-down privileges. As a result of these factors, service providers such as the Debtors have been, and continue to be, subject to competitive pressures on their revenues and margins, and experience operational pressures to manage their costs.

Prior to the Commencement Date, the Debtors serviced a lower percentage of business at offshore sites than their competitors did, a factor which allowed competitors to offer favorable pricing alternatives to potential clients.

2. Operational Issues

One of the major challenges facing the Debtors at the outset of their Reorganization Cases was their substantially unprofitable relationship with a key client (the "Key Client"). On or about October 2, 2006, the Debtors entered into a new client services contract that provided competitive pricing terms to the Key Client. In order to implement this contract, the Debtors incurred substantial capital expenditures for personnel and facilities, as well as associated equipment such as telephones and computers. The Debtors' prepetition revenue levels turned out to be inadequate to support the expenses required to service the Key Client and the Debtors' other clients. In particular, following implementation of the Key Client contract, revenues under that contract failed to meet the original representations and the Debtors' expectations. The Debtors then reviewed their financial projections and determined that performing under the Key Client contract would result in significant losses. The situation was compounded by the fact that the Debtors anticipated that they would incur millions of dollars in costs and penalties – a large portion of which relates to liquidated damages owed to landlords – if they were to end their relationship with the Key Client. Because the Debtors could not reduce their operating costs to a rate commensurate with their revenues, they projected that they would suffer an EBITDA loss of approximately $15 million during 2008 by providing services under their contract with the Key Client.

Furthermore, the Debtors' highly leveraged capital structure inhibited their flexibility in addressing operational problems. Beginning in August 2007, and continuing through November, 2007, the combination of these factors caused certain major financial ratings agencies to downgrade the Debtors' credit rating, causing concerns among some of the Debtors' clients and impeding the Debtors' ability to market their services to prospective clients.

3. Turnaround Efforts

In response to the Debtors' deteriorating financial performance, the Debtors' management took decisive action in an effort to restructure their operations to reduce their overall cost structure and improve performance.

Beginning in August 2007, the Debtors' Board of Managers changed the Debtors' leadership, appointing Regis G. McElhatton as Chief Executive Officer. In Mr. McElhatton's first ninety days with the Debtors, he developed short- and long-term plans for operational improvements that included initiatives to reduce overhead, review client contracts, improve contact center occupancy and utilization rates, optimize contact center performance, restructure management, and improve the Company's balance between domestic and offshore operations. As of December 2007, the Debtors expected these efforts to yield significant annualized savings and margin improvement. Mr. McElhatton also engaged in extensive discussions with key clients in an effort to align those relationships so that they become profitable for both parties. Further, on December 4, 2007, the Debtors announced and began implementation of cost reductions and organizational re-alignment, which included a compression of organizational hierarchies with a significant reduction in managerial employees, a reduction of approximately 4% of their workforce, consolidation and closure of some contact centers, changes in employee deployment, and changes in service strategy.

On November 7, 2007, the Debtors began working with Evercore Group LLC to assist them in considering strategic alternatives. The Debtors and their advisors explored various transactions, including possible M&A transactions, refinancing options, recapitalizations, and a potential chapter 11 filing, in an effort to maximize value for their stakeholders. The Debtors also explored various refinancing alternatives in an effort to increase liquidity.

By mid-November 2007, the Debtors and DCH had engaged in extensive negotiations with the Prepetition Lenders regarding the Debtors' further need for additional liquidity and a recapitalization of the existing secured debt. In conjunction with these negotiations, RBS advised the Debtors that certain Prepetition First Lien Lenders (the "DIP Lenders") were willing to extend postpetition financing on terms and conditions that would prime their own prepetition security interests. The proposed financing from the DIP Lenders permitted the Debtors to secure the postpetition financing required for their reorganization, without having to prime the Prepetition First Lien Lenders in the absence of their consent, an effort which would likely have required an extended, time-consuming, and expensive contested hearing.

In addition, the Debtors also obtained the Prepetition Lenders' agreement to the Plan Term Sheet, which was ultimately incorporated into the Plan. The Plan Term Sheet generally provided that:

- The DIP Lenders' claims under the Postpetition Financing Agreement will be paid in full on the Effective Date of the Plan by an exit facility (the "Exit Facility"). The Exit Facility will consist of revolving loans, or term loans, or both, in a committed amount up to $40-45 million. Available amounts after repayment of the Postpetition Financing Agreement will be used for the Reorganized Debtors' business needs. The DIP Lenders will be granted first priority liens on all existing and after-acquired assets that are collateral under the Postpetition Financing Agreement.

- The Prepetition First Lien Lenders' claims under the Prepetition First Lien Credit Agreement will be exchanged for new second priority lien notes in the aggregate principal amount of $40 million, new unsecured notes in the aggregate principal amount of $40 million, all of which is payable in kind no less than quarterly, plus 80% of the new equity in the Reorganized Debtors, subject to dilution.

- The Prepetition Second Lien Lenders' claims under the Prepetition Second Lien Credit Agreement will be exchanged for 20% of the new equity in the Reorganized Debtors, warrants to purchase up to 4% of the fully diluted new equity of the Reorganized Debtors based upon an enterprise value of $170 million, plus warrants to purchase up to 2% of the fully diluted new equity of the Reorganized Debtors based upon an enterprise value of $200 million.

- The holders of General Unsecured Claims will receive their ratable share of Cash in an amount to be determined and upon terms and conditions mutually satisfactory to the Prepetition Lenders.

In furtherance of their efforts to improve the financial performance of their business, the Debtors hired CXO, L.L.C. ("CXO") as their restructuring advisors on January 15, 2008. In addition, the Debtors' Board of Managers appointed members of the CXO team as Chief Financial Officer and Chief Restructuring Officer. Since being hired, the CXO team has assisted the Debtors in assessing and identifying non-profitable and inefficient contracts, agreements and leases, as well as developing and implementing strategies for enhancing cost and margin improvement.

## B. THE RESTRUCTURING NEGOTIATIONS

### 1. Lock-up Agreement

Prior to the Commencement Date, numerous Prepetition Lenders and the DIP Lenders (together, the "Consenting Lenders") and the Debtors entered into that certain Lock-up Agreement, dated as of January 23, 2008 (the "Commitment"). Pursuant to the Commitment, the parties agreed that, among other things, (i) the Debtors' financial restructuring (the "Restructuring") would be effectuated through a pre-negotiated chapter 11 case, (ii) the Debtors would use their reasonable best efforts to adhere to the negotiated timeline for the Restructuring, and (iii) subject to certain conditions, the Debtors and the Consenting Lenders would not object to and would support the Postpetition Financing Agreement and consummation of the Restructuring.

### 2. Postpetition Financing Agreement

In connection with the Commitment and the negotiations leading up to the commencement of the Restructuring, the Debtors, together with their attorneys and financial advisors, negotiated the terms and conditions of the Postpetition Financing Agreement with the DIP Agent and the Prepetition First Lien Agent. Thereafter, the Debtors and the DIP Lenders entered into the Postpetition Financing Agreement, providing up to $30 million in debtor in possession financing to enable the continued operation of the Debtors' businesses, avoid short-term liquidity concerns, and preserve the going-concern value of the Debtors' estates. The terms of the Postpetition Financing Agreement are summarized in Section V.B. below.

# V.

# THE REORGANIZATION CASES

## A. FIRST DAY ORDERS

On the Commencement Date, the Debtors filed a series of motions seeking various relief from the Bankruptcy Court designed to minimize any disruption of business operations and to facilitate their reorganization.

### 1. Case Administration Orders

The Bankruptcy Court issued orders: (i) authorizing the joint administration of the chapter 11 cases, (ii) establishing certain notice and case management procedures, (iii) granting an extension of time to file the Debtors' schedules and statements, and (iv) authorizing the waiver of the requirement to file a list of creditors.

### 2. Critical Obligations

The Bankruptcy Court authorized the Debtors to satisfy certain critical business obligations such as those relating to wages, compensation, and employee benefits.

### 3. Business Operations

Among other things, the Bankruptcy Court (i) authorized the Debtors to continue certain workers' compensation and other insurance policies, and (ii) on an interim basis, prohibited the Debtors' utilities service providers from altering, refusing or discontinuing service and established certain procedures for determining adequate assurance of payment.

4. Financial Operations

The Bankruptcy Court authorized the Debtors to (i) maintain their existing bank accounts and forms, (ii) continue to use existing investment guidelines and (iii) continue their centralized cash management system.

## B. CHAPTER 11 FINANCING

On January 24, 2008, the Bankruptcy Court entered an order approving the Postpetition Financing Agreement on an interim basis. On February 11, 2008, the Creditors' Committee filed an objection to entry of a final order approving the postpetition financing and a memorandum of law in further support of its objection. After an evidentiary hearing held on February 27, 2008, the Bankruptcy Court entered the Postpetition Financing Order and approved the Postpetition Financing Agreement.

The material provisions of the Postpetition Financing Agreement are described below:

- Borrowing Limits. The DIP Lenders agree to make revolving loans and letters of credit available to the Debtors during the term of the Postpetition Financing Agreement in an aggregate amount not to exceed $30,000,000, of which $10,000,000 would be made available upon entry of the Interim Order. Outstanding letters of credit may not exceed $4,000,000 in the aggregate.

- Borrowing Limitations. The amount available for revolving loans and letters of credit is limited to an amount equal to (x) the lesser of (i) $30,000,000 and (ii) seventy-five percent (75%) of the net amount of the Debtors' eligible accounts less (y) the sum of (i) the amount of issued and outstanding letters of credit under the Postpetition Financing Agreement, (ii) the then-outstanding revolving credit loans under the Postpetition Financing Agreement, and (iii) reserves instituted by the DIP Agent and certain DIP Lenders, in their reasonable discretion.

- Interest Rate. Revolving loans under the Postpetition Financing Agreement will bear interest at a per annum rate equal to either the Base Rate plus the Applicable Margin, or the Eurodollar Rate plus the Applicable Margin.[9] In any event, the Base Rate plus the Applicable Margin will be at least 7.25%, and the Eurodollar Rate plus the Applicable Margin will be at least 8.25%.

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[9] For purposes of the Postpetition Financing Agreement, the term "Applicable Margin" means 2.50% per annum with respect to Base Rate loans, and 4.50% per annum with respect to Eurodollar Rate loans. The term "Base Rate" generally means a rate per annum equal to the greater of the prime rate, or the federal funds effective rate in effect plus 0.5%. The term "Eurodollar Rate" means the rate per annum equal to the rate calculated by the British Banks' Association and obtained through a nationally recognized service such as Dow Jones Market Service (Telerate) or Reuters.

- Maturity. The Postpetition Financing Agreement will expire and become immediately due and payable upon the earlier of (i) July 23, 2008, (ii) the closing date of any sale of the Debtors or all or substantially all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code, (iii) the effective date of a chapter 11 plan of reorganization, or (iv) the date of the occurrence of an Event of Default (as defined below).

- Events of Default. Events of Default include provisions relating to, among other things, (i) the appointment of a trustee, responsible officer, or examiner with expanded powers, or conversion or dismissal of any Debtor's Reorganization Case, (ii) granting relief from the automatic stay as to any material asset, (iii) granting superpriority claims to any party other than the DIP Lenders, (iv) granting adequate protection, (v) impairment of liens or superpriority claims granted to the Prepetition First Lien Lenders and DIP Lenders, (vi) the Debtors' postpetition governance, (vii) use of Postpetition Financing Agreement proceeds under the Budget, (viii) covenant violations, (ix) termination or rejection of material contracts, (x) venue of the Reorganization Cases, (xi) the schedule for execution or filing of the Postpetition Financing Agreement, the Final Order, a disclosure statement, and an order confirming the Plan, (xii) insolvency proceedings other than the Reorganization Cases, (xiii) failure to pay any interest or fees and expenses when due, (xiv) failure to comply with financial covenants, and (xv) termination of the Debtors' statutory exclusive period in which to file a plan of reorganization.

- Liens. The DIP Lenders are granted priming liens on all property of the Debtors that constitutes collateral under the Prepetition First Lien Credit Agreement, and first priority liens on all property of the Debtors that is not collateral under the Prepetition First Lien Credit Agreement (excluding any trust fund tax and/or other fiduciary funds), including, but not limited to, all causes of action arising under chapter 5 of the Bankruptcy Code.

- Fees. The Debtors are obligated to pay a $300,000 underwriting fee to the DIP Lenders upon interim approval, and a $600,000 underwriting fee upon final approval. In addition, the Debtors are obligated to pay a $10,000 collateral management fee and an unused line fee to the DIP Agent.

## C. CREDITORS' COMMITTEE AND PLAN SUPPORT AGREEMENT

On February 4, 2008, the U.S. Trustee, pursuant to its authority under section 1102 of the Bankruptcy Code, appointed the Creditors' Committee.

The current members of the Creditors' Committee are:

Verizon Communications Inc.
1133 19th Street, N.W.
Washington, DC 20026

IAC/InterActiveCorp.
555 West 18th Street
New York, NY 10011

NICE Systems Inc.
301 Route 17 North
10th Floor
Rutherford, NJ 07070

SER Solutions, Inc.
45925 Horseshoe Drive, # 150
Dulles, VA 20147

TMP Worldwide Avertising &
Communications, LLC
205 Hudson Street, 5th Floor
New York, NY 10013

The Creditors' Committee has the following advisors:

| Attorneys | Financial Advisors |
|---|---|
| Blank Rome LLP<br>The Chrysler Building<br>405 Lexington Avenue<br>New York, NY 10174-0208 | J.H. Cohn LLP<br>333 Thornall Street, 6th Floor<br>Edison, NJ 08837 |

Since the appointment of the Creditors' Committee, the Debtors have consulted with the Creditors' Committee concerning the administration of the chapter 11 cases. The Debtors have informed the Creditors' Committee with respect to their operations and have sought concurrence of the Creditors' Committee for actions and transactions outside of the ordinary course of business.

On April 10, 2008, the Debtors filed an initial form of proposed disclosure statement and chapter 11 plan with the Bankruptcy Court. Thereafter, the Creditors' Committee raised certain concerns regarding the Debtors' proposed treatment of General Unsecured Claims. In an effort to resolve these concerns, the Debtors, the Creditors' Committee, the DIP Lenders, and the Prepetition Lenders entered into extensive, arms' length negotiations. These negotiations ultimately resulted in the formulation of the Plan, annexed hereto as Exhibit A, which has the full support of the Creditors' Committee. The Plan, therefore, resolves any and all disputes or controversies between the Debtors, the DIP Lenders, the Prepetition Lenders, and the Creditors' Committee regarding the treatment of General Unsecured Claims under the Plan.

In pertinent part, the Debtors, the DIP Lenders, the Prepetition Lenders, and the Creditors' Committee agreed to the following Plan provisions in order to facilitate the Debtors' restructuring and other efforts to emerge from chapter 11:

- Classification. All General Unsecured Claims will receive the same treatment under Class 6 of the Plan.

- Distributions. The parties agreed that each holder of an Allowed General Unsecured Claim shall receive its Distribution Pro Rata Share of $1,350,000, as provided in the Plan.

- Avoidance Actions. The parties agreed that, in accordance with Section 11.10 of the Plan, the Debtors will waive all causes of action under section 547 of the Bankruptcy Code against the holders of General Unsecured Claims that are Trade Creditors of the Debtors.

- Objections to Claims. In accordance with Section 7.1 of the Plan, the Debtors and the Creditors' Committee will cooperate in the prosecution of objections to Material General Unsecured Claims. Moreover, in order to facilitate this cooperation, Section 13.8 of the Plan provides that the Creditors' Committee and their professionals shall continue to perform their duties with respect to such objections for a period after the Effective Date of the Plan until any objections to Material General Unsecured Claims are resolved. The Creditors' Committee will have standing (i) to appear and be heard in connection with the administration of General Unsecured Claims and any pending objections to such Claims, (ii) to file objections to any Material General Unsecured Claim as to which, despite the Committee's urging, the Reorganized Debtors elect not to object, and (iii) to oppose any proposed settlement or compromise of a Material General Unsecured Claim that is advocated by the Reorganized Debtors.

- Fees. In consideration of concessions made with respect to the Plan, the Creditors' Committee has agreed that from and after May 1, 2008, all fees and expenses incurred by the Creditors' Committee and their professionals that are chargeable to the Debtors' estates shall be capped (barring an increase granted by the Bankruptcy Court in the event of any unforeseen circumstances) at $75,000 per month for a period of two months, and shall be capped at $50,000 for all time thereafter. The sum of these amounts shall be a cumulative amount which, if exceeded during one period, shall go against the total cap and, similarly, any amount which is not used during a given period shall be carried forward, subject to a total cap of $200,000.

## D. ASSUMPTION OF ACS CONTRACT

Prior to the Commencement Date, the Debtors and Advanced Contact Solutions, Inc. ("ACS") entered into a service contract (the "ACS Contract"), pursuant to which the Debtors subcontract to ACS a significant volume of customer care, sales, and marketing services provided to several of Debtors' clients. ACS provides a cost structure that is more economical for some services than the Debtors achieve in U.S. centers. The contract with ACS has, therefore, enabled the Debtors to obtain business which they otherwise would not have been able to price competitively.

Accordingly, on the Commencement Date, the Debtors filed a Motion for Authority to (I) Assume an Agreement with ACS, and (II) Pay Cure on a Mutually Agreeable Schedule (the "ACS Motion"). Pursuant to the ACS Motion, the Debtors requested authority to cure any and all defaults under the ACS Contract by paying to ACS: (i) $2,766,962.90 on March 7, 2008, (ii) $4,310,306.41 on April 4, 2008, and (iii) beginning in May 2008, the balance of any cure amount in three monthly installments, contingent upon the Bankruptcy Court's entry of the Postpetition Financing Order. In exchange, ACS would continue to provide services to the Debtors under the ACS Contract.

On February 13, 2008, the Bankruptcy Court entered an initial order granting the ACS Motion and authorizing the Debtors to assume the ACS Contract and pay the proposed cure amount, unless the Creditors' Committee, the DIP Lenders, or the DIP Agent filed an objection thereto, in which case (i) the order would not take effect and (ii) a final hearing on the ACS Motion would be held on February 27, 2008. The Creditors' Committee filed a Conditional Objection and Reservation of Rights to the ACS Motion on February 20, 2008, which subsequently was resolved. Accordingly, on February 26, 2008, the Bankruptcy Court entered an order granting the ACS Motion and authorizing the Debtors to assume the ACS Contract and pay the following cure amounts to ACS: (i) $2,986,008 on March 7, 2008, (ii) $4,310,306 on April 4, 2008, (iii) $3,000,000 on May 2, 2008, and (iv) $3,000,000 on November 30, 2008, in exchange for which ACS will continue to provide services to the Debtors under the ACS Contract.

## E. SALE OF CERTAIN NON-MATERIAL ASSETS

In December 2000, the Debtors paid $675,000 for approximately three acres of undeveloped real property in Miami-Dade County, Florida (the "Kendall Property"). The Debtors purchased the Kendall Property to use as a parking lot because one of their call centers adjacent to the Kendall Property did not have parking for employees. By April 2007, the Debtors had ceased operations at that call center and the premises were vacated in December 2007. Because the Kendall Property was no longer needed for the Debtors' business operations, the Debtors determined to sell this asset.

Realizing early in 2007 that the Kendall Property should be sold, the Debtors interviewed real estate brokers. On January 15, 2007, the Debtors entered into an Exclusive Sales Agreement with ComReal Miami, Inc., who extensively marketed the property. After active negotiations between the Debtors and various bidders, the Debtors entered into that certain Purchase and Sale Agreement between PRC, LLC and J. Brett Houston, dated October 16, 2007 (the "Sale Agreement"). The Sale Agreement subsequently was amended to (i) provide for a final purchase price of $2,275,000 and (ii) extend the closing date to March 4, 2008 so that the Bankruptcy Court could approve the sale of the Kendall Property.

On February 4, 2008, the Debtors filed a Motion for Approval of (I) the Assumption of the Sale Agreement, (II) Private Sale of the Kendall Property, and (III) Payment of Related Sales Commissions (the "Sale Motion"). By the Sale Motion, the Debtors sought entry of an order, pursuant to (i) section 365(a) of the Bankruptcy Code and Bankruptcy Rule 6006 authorizing them to assume the Sale Agreement and (ii) sections 363(b), (f) and (m) of the Bankruptcy Code and Bankruptcy Rules 2002 and 6004 approving the sale of the Property pursuant to the Sale Agreement and authorizing the transactions contemplated thereby, including the payment of related sales commissions.

The Creditors' Committee filed a limited objection and reservation of rights with respect to the Sale Motion, arguing that the proceeds of the sale should be escrowed for the benefit of the general unsecured creditors, as the Debtors should not be permitted to grant liens to the DIP Lenders and/or for the benefit of the Prepetition Lenders on previously unencumbered assets. After a hearing held on February 27, 2008, the Bankruptcy Court granted the Sale Motion over the Creditors' Committee's limited objection and authorized the Debtors to assume the Sale Agreement, sell the Kendall Property and pay the related sales commissions. Closing for the Kendall Property was held in accordance with the Sale Agreement on March 4, 2008.

## F. REJECTION OF CERTAIN AGREEMENTS

As part of their efforts to reduce their operating expenses, the Debtors engaged in an analysis of their various contracts and agreements, including unexpired leases (collectively, the "Executory Contracts"). On and after the Commencement Date, the Debtors determined to reject various Executory Contracts pursuant to orders of the Bankruptcy Court. In accordance with the Plan, all Executory Contracts that exist between the Debtors and any person or entity will be deemed rejected by the Debtors as of the Effective Date, except as provided in the Plan. See Section VI.F. of this Disclosure Statement for more information about the Debtors' assumption and rejection of Executory Contracts.

## G. SCHEDULES AND BAR DATE

On or about March 7, 2008, the Debtors filed their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs. On March 13, 2008, the Bankruptcy Court entered an order establishing May 1, 2008 at 5:00 p.m. (Eastern Time) as the last date and time (the "Bar Date") for each person or entity to file proofs of Claim based on prepetition Claims against any of the Debtors, and July 21, 2008 at 5:00 p.m. (Eastern Time) as the last date and time for governmental units to file proofs of Claim based upon prepetition Claims against any of the Debtors. In accordance with this order, the Debtors mailed a notice of the Bar Date and a proof of Claim form to all known holders of Claims.

# VI.

# THE PLAN OF REORGANIZATION

## A. INTRODUCTION

The Debtors believe that (i) through the Plan, holders of Allowed Claims will receive a greater recovery from the estates of the Debtors than the recovery that they would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code and (ii) the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern and preserve ongoing employment for the Debtors' employees.

The Plan is annexed hereto as Exhibit A and forms a part of this Disclosure Statement. The summary of the Plan set forth below is qualified in its entirety by reference to the provisions of the Plan.

Statements as to the rationale underlying the treatment of Claims and Preconfirmation Equity Interests under the Plan are not intended to, and shall not, waive, compromise or limit any rights, claims or causes of action in the event the Plan is not confirmed.

## B. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN OF REORGANIZATION

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below. In general, an "allowed" claim or "allowed" equity interest simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the debtor. Section 502(a) of the Bankruptcy Code provides that a timely filed claim or equity interest is automatically "allowed" unless the debtor or other party in interest objects. However, section 502(b) of the Bankruptcy Code specifies certain claims that may not be "allowed" in bankruptcy even if a proof of claim is filed. These include, but are not limited to, claims that are unenforceable under the governing agreement between a debtor and the claimant or applicable non-bankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor's equity in the property, claims for services that exceed their reasonable value, real property lease and employment contract rejection damage claims in excess of specified amounts, late-filed claims and contingent claims for contribution and reimbursement. Additionally, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor's schedules or is listed as disputed, contingent or unliquidated, if the holder has not filed a proof of claim or equity interest before the established deadline.

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, the debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the "claims" and "equity interests" themselves, rather than their holders, are classified.

Under a chapter 11 plan of reorganization, the separate classes of claims and equity interests must be designated either as "impaired" (affected by the plan) or "unimpaired" (unaffected by the plan). If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the plan, and the right to receive, under the chapter 11 plan, no less value than the holder would receive if the debtor were liquidated in a case under chapter 7 of the Bankruptcy Code. Under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless the plan (i) does not alter the legal, equitable and contractual rights of the holders or (ii) irrespective of the holders' acceleration rights, cures all defaults (other than those arising from the debtor's insolvency, the commencement of the case or nonperformance of a non-monetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable and contractual rights. Typically, this means that the holder of an unimpaired claim will receive on the later of the consummation date or the date on which amounts owing are actually due and payable, payment in full, in cash, with postpetition interest to the extent appropriate and provided for under the governing agreement (or if there is no agreement, under applicable non-bankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the debtor's case not been commenced.

Pursuant to section 1126(f) of the Bankruptcy Code, holders of unimpaired claims or interests are "conclusively presumed" to have accepted the plan. Accordingly, their votes are not solicited. Under the Debtors' Plan, the Claims in Class 1 (Other Priority Claims), Class 2 (Secured Tax Claims), and Class 3 (Other Secured Claims), are unimpaired, and therefore, the holders of such Claims are "conclusively presumed" to have voted to accept the Plan.

Under certain circumstances, a class of claims or equity interests may be deemed to reject a plan of reorganization. For example, a class is deemed to reject a plan of reorganization under section 1126(g) of the Bankruptcy Code if the holders of claims or interests in such class do not receive or retain property under the plan on account of their claims or equity interests. Under this provision of the Bankruptcy Code, the holders of Preconfirmation Equity Interests in Class 7 (Preconfirmation Equity Interests) are deemed to reject the Plan because they receive no distribution and retain no property interest under the Plan. Because Class 7 (Preconfirmation Equity Interests) is deemed to reject the Plan, the Debtors are required to demonstrate that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code with respect to such Class. Among these are the requirements that the plan be "fair and equitable" with respect to, and not "discriminate unfairly" against, the equity interests in such Class. For a more detailed description of the requirements for confirmation, see Section IX.B below, entitled "CONFIRMATION OF THE PLAN OF REORGANIZATION; Requirements for Confirmation of the Plan of Reorganization."

Consistent with these requirements, the Plan divides the Allowed Claims against, and Preconfirmation Equity Interests in, the Debtors into the following Classes:

| Class | Claims |
|---|---|
| 1 | Other Priority Claims |
| 2 | Secured Tax Claims |
| 3 | Other Secured Claims |
| 4 | Allowed Prepetition First Lien Claims |
| 5 | Allowed Prepetition Second Lien Claims |
| 6 | General Unsecured Claims |
| 7 | Preconfirmation Equity Interests |

1. **Unclassified**

**Administrative Expense Claims**

Administrative Expense Claims are the actual and necessary costs and expenses of the Debtors' Reorganization Cases that are allowed under and in accordance with sections 330, 365, 503(b), 507(a)(2) and 507(b) of the Bankruptcy Code. Such expenses will include, but are not limited to, actual and necessary costs and expenses of preserving the Debtors' estates, actual and necessary costs and expenses of operating the Debtors' businesses, indebtedness or obligations incurred or assumed by the Debtors during the Reorganization Cases and compensation for professional services rendered and reimbursement of expenses incurred. Specifically excluded from Administrative Expense Claims are any fees or charges assessed against the estates of the Debtors under section 1930 of chapter 123 of title 28 of the United States Code, which fees or charges, if any, will be paid in accordance with Section 13.7 of the Plan.

Except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim agrees to a less favorable treatment, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of the Effective Date and the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors will be paid in full and performed by the Debtors or Reorganized Debtors, as the case may be, in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions; provided, further, that if any such ordinary course expense is not billed or a request for payment is not made within ninety (90) days after the Effective Date, claims for payment of such an ordinary course expense will be barred.

**Postpetition Financing Obligation Claims**

Postpetition Financing Obligation Claims are all obligations of the Debtors arising under the Postpetition Financing Agreement and the Postpetition Financing Order.

On the Effective Date, all Allowed Postpetition Financing Obligation Claims will be paid in full in Cash. Upon payment and satisfaction in full of all Postpetition Financing Obligation Claims, all liens and security interests granted to secure such obligations, whether in the Reorganization Cases or otherwise, will be terminated and of no further force or effect.

**Professional Compensation and Reimbursement Claims**

Professional Compensation and Reimbursement Claims are all Claims of entities seeking awards by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code. All such entities must file, on or before the date that is forty-five (45) days after the Effective Date their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred.

Pursuant to the Plan, holders of Allowed Professional Compensation and Reimbursement Claims will be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court in accordance with the order relating to or Allowing any such Administrative Expense Claim. The Reorganized Debtors are authorized to pay compensation for professional services rendered and reimbursement of expenses incurred after the Confirmation Date in the ordinary course and without the need for Bankruptcy Court approval. From and after May 1, 2008, all fees and expenses incurred by the Creditors' Committee and their professionals that are chargeable to the Debtors' estates shall be capped (barring an increase granted by the Bankruptcy Court in the event of any unforeseen circumstances) at $75,000 per month for a period of two months, and shall be capped at $50,000 for all time thereafter. The sum of the amounts payable to the Creditors' Committee and their professionals section 2.3 of the Plan shall be a cumulative amount which, if exceeded during one period, shall go against the total cap and, similarly, any amount which is not used during a given period shall be carried forward, subject to a total cap of $200,000.

**Priority Tax Claims**

A Priority Tax Claim is any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Debtors or the Reorganized Debtors, (a) on the Effective Date, or as soon thereafter as is practicable, Cash in an amount equal to such Allowed Priority Tax Claim or, (b) commencing on the Effective Date, or as soon thereafter as is practicable, and continuing over a period not exceeding five (5) years from and after the Commencement Date, equal semi-annual Cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest for the period after the Effective Date at the rate determined under applicable non-bankruptcy law; provided that the first payment shall represent a percentage recovery at least equal to that expected to be received by holders of Allowed General Unsecured Claims, and subject to the sole option of the Debtors or Reorganized Debtors to prepay the entire amount of the Allowed Priority Tax Claim. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as such obligations become due.

2. **Classified**

**Class 1 – Other Priority Claims**

Other Priority Claims include Claims entitled to priority in payment as specified in section 507(a)(4), (5), (6) or (7) of the Bankruptcy Code, such as certain wage, salary and other compensation obligations to employees of the Debtors up to a statutory cap of $10,950 per employee. The Debtors estimate that on the Effective Date, the allowed amount of such claims will aggregate approximately $82,200.

Class 1 is unimpaired by the Plan. Each holder of an Allowed Other Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Except to the extent that a holder of an Allowed Other Priority Claim agrees to a different treatment, each holder of an Allowed Other Priority Claim will receive Cash in an amount equal to such Allowed Other Priority Claim on the later of the Effective Date and the date such Allowed Other Priority Claim becomes an Allowed Other Priority Claim, or as soon thereafter as is practicable.

**Class 2 – Secured Tax Claims**

Secured Tax Claims include any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code (determined irrespective of any time limitations therein and including any related Secured Claim for penalties). The Debtors estimate that on the Effective Date, the Allowed amount of such Claims will aggregate approximately $2,123,000.

Class 2 is unimpaired by the Plan. Each holder of an Allowed Secured Tax Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Except to the extent that a holder of an Allowed Secured Tax Claim agrees to a different treatment, each holder of an Allowed Secured Tax Claim will receive, at the sole option of the Debtors or the Reorganized Debtors, (i) on the Effective Date, or as soon thereafter as practicable, Cash in an amount equal to such Allowed Secured Tax Claim or, (ii) commencing on the Effective Date, or as soon thereafter as is practicable, and continuing over a period not exceeding five (5) years from and after the Commencement Date, equal semi-annual Cash payments in an aggregate amount equal to such Allowed Secured Tax Claim, together with interest for the period after the Effective Date at the rate determined under applicable non-bankruptcy law; provided that the first payment shall represent a percentage recovery at least equal to that expected to be received by holders of Allowed General Unsecured Claims, and subject to the sole option of the Debtors or Reorganized Debtors to prepay the entire amount of the Allowed Secured Tax Claim.

**Class 3 – Other Secured Claims**

Other Secured Claims include any Secured Claim other than a Secured Tax Claim, Prepetition First Lien Claim or Prepetition Second Lien Claim. The Debtors estimate that on the Effective Date, the Allowed amount of such Claims will aggregate approximately $0.

Class 3 is unimpaired by the Plan. Each holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Except to the extent that a holder of an Allowed Other Secured Claim agrees to a different treatment, at the sole option of the Debtors or the Reorganized Debtors, (i) on the Effective Date or as soon thereafter as is practicable, each Allowed Other Secured Claim shall be reinstated and rendered unimpaired in accordance with section 1124(2) of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an Allowed Other Secured Claim to demand or receive payment of such Allowed Other Secured Claim prior to the stated maturity of such Allowed Other Secured Claim from and after the occurrence of a default, (ii) each holder of an Allowed Other Secured Claim shall receive Cash in an amount equal to such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of the Effective Date and the date such Allowed Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as is practicable or (iii) each holder of an Allowed Other Secured Claim shall receive the Collateral securing its Allowed Other Secured Claim and any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, in full and complete satisfaction of such Allowed Other Secured Claim on the later of the Effective Date and the date such Allowed Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as is practicable.

**Class 4 – Allowed Prepetition First Lien Claims**

Prepetition First Lien Claims include Claims held by Prepetition First Lien Lenders under the Prepetition First Lien Credit Agreement. The Debtors estimate that on the Effective Date, the Allowed amount of such Claims will aggregate approximately $119.35 million.

Class 4 is impaired by the Plan. Each holder of a Prepetition First Lien Claim is entitled to vote to accept or reject the Plan.

Under the Plan, the Allowed Prepetition First Lien Claims will be Allowed in the aggregate amount of $119,350,000. On the Effective Date, in accordance with the Restructuring Transactions, each holder of an Allowed Prepetition First Lien Claim will receive its Ratable Proportion of each of: (i) $40 million of the Postconfirmation Second Lien Facility; (ii) $40 million of the Postconfirmation Unsecured Note, all of which is payable in kind no less than quarterly; and (iii) 80% of the equity interests of Postconfirmation HoldCo, which equity interests will be subject to further dilution by the holders of Allowed Prepetition Second Lien Claims in the event such holders exercise their rights, as described in subsections (ii) and (iii) of Section 4.5(b) of the Plan. The Postconfirmation Second Lien Facility will include a feature allowing the Reorganized Debtors to pay interest in kind with a toggle feature based on the Reorganized Debtors' free cash flow or a similar metric to be determined. The material terms of the Postconfirmation Second Lien Facility and the Postconfirmation Unsecured Note will be included with the Plan Supplement.

**Class 5 – Allowed Prepetition Second Lien Claims**

Prepetition Second Lien Claims include Claims held by Prepetition Second Lien Lenders under the Prepetition Second Lien Credit Agreement. The Debtors estimate that on the Effective Date, the Allowed amount of such Claims will aggregate approximately $67 million.

Class 5 is impaired by the Plan. Each holder of a Prepetition Second Lien Claim is entitled to vote to accept or reject the Plan.

Under the Plan, the Allowed Prepetition Second Lien Claims will be Allowed in the aggregate amount of $67,000,000. On the Effective Date and in accordance with the Restructuring Transactions, each holder of an Allowed Prepetition Second Lien Claim will receive its Ratable Proportion of each of: (x) 20% of the equity interests of Postconfirmation HoldCo, which equity interests will be subject to further dilution by the holders of Allowed Prepetition Second Lien Claims in the event such holders exercise their rights, as described in subsections (ii) and (iii) of Section 4.5(b) of the Plan; (y) warrants, which may be exercised up to five (5) years after the Effective Date, to purchase up to 4% of the fully diluted equity interests of Postconfirmation HoldCo with an exercise price based upon an enterprise value of $170 million; and (z) warrants, which may be exercised up to five (5) years after the Effective Date, to purchase up to an additional 2% of the fully diluted equity interests of Postconfirmation HoldCo with an exercise price based on an enterprise value of $200 million. The material terms of the warrants will be included with the Plan Supplement.

**Class 6 – General Unsecured Claims**

General Unsecured Claims include any Claim against the Debtors other than an Administrative Expense Claim, Priority Tax Claim, Other Priority Claim, Secured Tax Claim, Other Secured Claim, Prepetition First Lien Claim, Prepetition Second Lien Claim, or Preconfirmation Equity Interest Claim.

Class 6 is impaired by the Plan. Each holder of a General Unsecured Claim is entitled to vote to accept or reject the Plan.

Each holder of an Allowed General Unsecured Claim shall receive its Distribution Pro Rata Share of $1,350,000 in Cash (which shall be calculated as if no prior distributions had been made) on each Distribution Date or as soon thereafter as is practicable, *provided, however,* in any distribution made to the holder of an Allowed General Unsecured Claim, there shall be deducted from such distribution the amount of any distribution previously distributed to such holder on account of such Allowed General Unsecured Claim in any distribution made prior thereto.

**Class 7 – Preconfirmation Equity Interests**

Preconfirmation Equity Interests include all instruments evidencing an ownership interest in Intermediate HoldCo, whether or not transferable, and all options, warrants or rights, contractual or otherwise, to acquire any such interests, all as of the Effective Date.

Class 7 is impaired by the Plan. Each holder of a Preconfirmation Equity Interest is deemed to reject the Plan and is not entitled to vote to accept or reject the Plan.

On the Effective Date, the Preconfirmation Equity Interests will be cancelled and the holders of Preconfirmation Equity Interests will not be entitled to, and will not receive or retain any property or interest in property on account of such Preconfirmation Equity Interests under the Plan.

## C. MEANS OF IMPLEMENTING THE PLAN

### 1. Intercompany Claims

Notwithstanding anything to the contrary in the Plan, Intercompany Claims will be adjusted, continued or discharged to the extent determined appropriate by the Debtors or the Reorganized Debtors, in their sole discretion. Any such transaction may be effected on or subsequent to the Effective Date without any further action by the Debtors or the Reorganized Debtors.

### 2. Restructuring and Other Transactions

#### (a) Restructuring Transactions

On the Effective Date, the following transactions ("Restructuring Transactions") will be effectuated in the order set forth below:

(i) Simultaneously, (A) in accordance with Section 4.7 of the Plan, all of the Preconfirmation Equity Interests will be cancelled, and (B) all of the new membership interests in Postconfirmation Intermediate HoldCo will be issued to the Prepetition First Lien Agent and the Prepetition Second Lien Agent on behalf of the holders of Allowed Prepetition First Lien Claims and the Allowed Prepetition Second Lien Claims, respectively, in full satisfaction of their Claims (and in proportion to the relative values of their Claims); and

(ii) Immediately thereafter, the Prepetition First Lien Agent and the Prepetition Second Lien Agent will, on behalf of the holders of Allowed Prepetition First Lien Claims and the Allowed Prepetition Second Lien Claims, respectively, contribute all of the membership interests in Postconfirmation Intermediate HoldCo to Postconfirmation HoldCo in exchange for the consideration described in Sections 4.4 and 4.5 of the Plan.

#### (b) Consistent Tax Reporting

(i) All parties (including the Reorganized Debtors, the holders of Preconfirmation Equity Interests and the holders of Postconfirmation HoldCo membership interests and warrants) will report for all federal income tax purposes consistent with the form of the Restructuring Transactions.

(ii) As soon as possible after the Effective Date, but in no event later than thirty (30) days thereafter, the Postconfirmation Board will determine the value of the membership interests of Postconfirmation Intermediate HoldCo as of the Effective Date (as appropriate for federal income tax purposes) and the portions of such value which are allocable, respectively, to the Postconfirmation Second Lien Facility, the Postconfirmation Unsecured Note, the membership interests in Postconfirmation HoldCo and the warrants to purchase fully diluted interests of Postconfirmation HoldCo. Such allocation will take into account the relative fair market values of the Postconfirmation Second Lien Facility, the Postconfirmation Unsecured

Note, the membership interests in Postconfirmation HoldCo, and the warrants. The Postconfirmation Board will apprise, in writing, all parties of such valuation and allocation. The valuation and allocation will be used consistently by all parties (including the Reorganized Debtors, the holders of Preconfirmation Equity Interests and the holders of membership interests and warrants) for all federal income tax purposes.

(iii) Consistent with the intent that Postconfirmation HoldCo will initially be treated as a partnership for federal income tax purposes, no election will be made by Postconfirmation HoldCo or by Intermediate HoldCo (or any of their direct or indirect subsidiaries) to be taxed as a corporation for federal income tax purposes that is effective on or prior to the Effective Date. All parties (including the Reorganized Debtors and the holders of Postconfirmation HoldCo membership interests and warrants) will not treat the holders of warrants as owning partnership interests in Postconfirmation HoldCo for federal income tax purposes by reason of their ownership of warrants, unless the Postconfirmation Board determines otherwise.

(c) Other Transactions

On or as of the Effective Date or as soon as practicable thereafter, and without the need for any further action, the Reorganized Debtors may (i) cause any or all of the Reorganized Debtors to be merged into one or more of the Reorganized Debtors, dissolved or otherwise consolidated, (ii) cause the transfer of assets between or among the Reorganized Debtors or (iii) engage in any other transaction in furtherance of the Plan.

3. Cancellation of Existing Agreements and Preconfirmation Equity Interests

Except (a) as otherwise expressly provided in the Plan, (b) with respect to executory contracts or unexpired leases that have been assumed by the Debtors, (c) for purposes of evidencing a right to distributions under the Plan, or (d) with respect to any Claim that is reinstated and rendered unimpaired under the Plan, on the Effective Date, the Postpetition Financing Agreement, the Prepetition First Lien Credit Agreement, the Prepetition Second Lien Credit Agreement and any notes issued thereunder, all Preconfirmation Equity Interests and other instruments evidencing any Claims against the Debtors or Preconfirmation Equity Interests in the Debtors will be deemed automatically cancelled without further act or action under any applicable agreement, law, regulation, order or rule, and the obligations of the Debtors thereunder will be discharged.

4. Incurrence of New Indebtedness

Postconfirmation PRC expects to enter into an Exit Facility likely consisting of a facility commitment of up to $30 to $40 million or such other amount as the Debtors deem appropriate and necessary. The proceeds of the Exit Facility will be used to repay the claims in connection with the Postpetition Financing Agreement, and to meet working capital and other corporate needs of Postconfirmation PRC, thereby facilitating its emergence from bankruptcy.

The Exit Facility will likely consist of a combination of a revolving facility and a term loan, which will be secured by first priority liens upon all existing and after-acquired assets of the Debtors that constitute collateral under the Postpetition Financing Agreement. The Debtors expect to receive proposals for exit financing that meet the Debtors' requirements and will continue to negotiate with such parties regarding the Exit Facility. As of the date hereof, no formal commitment to provide the Exit Facility has been obtained. The Debtors are confident that they will obtain one or more formal commitments to provide the Exit Facility prior to confirmation. Entry into the Exit Facility is a condition to the effectiveness of the Plan.

Documents evidencing the Exit Facility, or commitment letters with respect thereto, will be filed by the Debtors with the Plan Supplement. In the Confirmation Order, the Debtors will request the Bankruptcy Court to authorize the Reorganized Debtors to execute the same together with other documents as the Exit Facility lenders may reasonably require to effectuate the treatment afforded to the parties under the Exit Facility. In accordance with Section 5.4 of the Plan, the Reorganized Debtors' entry into the Exit Facility and the incurrence of the indebtedness thereunder on the Effective Date will be authorized without the need for any further corporate action and without any further action by holders of Claims or Preconfirmation Equity Interests.

## D. PLAN PROVISIONS GOVERNING DISTRIBUTION

### 1. Distributions on Account of Allowed General Unsecured Claims

Distributions with respect to holders of Allowed General Unsecured Claims shall only be made on each Distribution Date; provided, however, that, if any Disputed General Unsecured Claim becomes Allowed subsequent to the Initial Distribution Date, the Reorganized Debtors may, in their sole discretion, make a distribution with respect to such Claim prior to a Distribution Date. All Allowed General Unsecured Claims held by a creditor shall be aggregated and treated as a single Claim. At the written request of the Reorganized Debtors or the Disbursing Agent, any creditor holding multiple Allowed General Unsecured Claims shall provide to the Reorganized Debtors or the Disbursing Agent, as the case may be, a single address to which any distributions shall be sent.

### 2. Date of Distributions

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

### 3. Disbursing Agent

All distributions under the Plan will be made by Postconfirmation PRC as Disbursing Agent or such other entity designated by Postconfirmation PRC as a Disbursing Agent.

### 4. Rights and Powers of Disbursing Agent

The Disbursing Agent will be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (b) make all distributions contemplated by the Plan, (c) employ professionals to represent it with respect to its responsibilities, and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions thereof.

5. Expenses of the Disbursing Agent

Except as otherwise ordered by the Bankruptcy Court, any reasonable fees and expenses incurred by the Disbursing Agent (including, without limitation, taxes and reasonable attorneys' fees and expenses) on or after the Effective Date will be paid in Cash by the Reorganized Debtors in the ordinary course of business.

6. Delivery of Distributions

(a) Last Known Address

Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim or Allowed Administrative Expense Claim will be made at the address of such holder as set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtors or their agents, as applicable, unless the Debtors or Reorganized Debtors have been notified in writing of a change of address, including, without limitation, by the filing of a proof of Claim by such holder that contains an address for such holder different than the address of such holder as set forth on the Schedules. Nothing in the Plan will require the Reorganized Debtors to attempt to locate any holder of an Allowed Claim.

(b) Unclaimed Distributions

All distributions under the Plan that are unclaimed for a period of one (1) year after distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and reinvested in the Reorganized Debtors and any entitlement of any holder of any Claims to such distributions shall be extinguished and forever barred.

(c) Distribution Record Date

With respect to holders of all General Unsecured Claims against the Debtors, on the Distribution Record Date, the claims register will be closed and any transfer of any Claim therein will be prohibited. The Debtors and the Reorganized Debtors will have no obligation to recognize any transfer of any such Claims occurring after the close of business on such date.

7. Manner of Payment

At the option of the Disbursing Agent, any Cash payment to be made under the Plan may be made by a check or wire transfer or as otherwise required or provided in applicable agreements. All distributions of Cash to the creditors of each of the Debtors under the Plan will be made by, or on behalf of, the applicable Debtor.

8. Cash Distributions

No payment of Cash less than fifty dollars ($50) will be made to any holder of an Allowed Claim unless a request for such payment is made in writing to the Reorganized Debtors.

9. Setoffs and Recoupment

The Debtors may, but will not be required to, setoff against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Claim any Claims of any nature whatsoever that the Debtors may have against the claimant, but neither the failure to do so nor the allowance of any Claim under the Plan will constitute a waiver or release by the Debtors or Reorganized Debtors of any such claim they may have against such claimant.

10. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a distribution under the Plan consists of indebtedness and other amounts (such as accrued but unpaid interest thereon), such distribution will be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to such other amounts.

## E. PROCEDURES FOR TREATING DISPUTED CLAIMS

1. Objections

Except as otherwise provided in Section 7.1(B) of the Plan, as of the Effective Date, objections to, and requests for estimation of, Administrative Expense Claims and Claims against the Debtors may be interposed and prosecuted only by the Reorganized Debtors. Such objections and requests for estimation will be served on the respective claimant and filed with the Bankruptcy Court on or before the latest of (i) sixty (60) days after the Effective Date or (ii) such later date as may be fixed by the Bankruptcy Court (the "Objection Deadline"); provided, however, that with respect to Claims that, as of the Objection Deadline, are subject to a pending claim objection, contested matter, or adversary proceeding (an "Initial Objection") wherein the Debtors' objection to such claim is ultimately denied, the objection deadline will be extended to the latter of: (a) sixty (60) days from the date on which the Bankruptcy Court enters an order denying such Initial Objection or (b) sixty (60) days from the date on which any appellate court enters a final order reversing or vacating an order of the Bankruptcy Court granting such Initial Objection; provided, further, that with respect to Claims that are filed (whether as an amended Claim, new Claim, or otherwise) after the Effective Date, the objection deadline shall be sixty (60) days after the date on which such Claim was filed. Nothing in the Plan will affect the Debtors' and Reorganized Debtors' ability to amend the Schedules in accordance with the Bankruptcy Code and the Bankruptcy Rules.

Section 7.1(B) of the Plan provides that the Debtors will make good faith efforts to file objections to Material General Unsecured Claims as the Debtors deem appropriate in consultation with the Creditors' Committee. The Plan defines Material General Unsecured Claims as those General Unsecured Claims which, if reduced or disallowed pursuant to Bankruptcy Rule 3007, would reduce the aggregate amount of Allowed General Unsecured Claims by at least $200,000. The Debtors will use their best efforts to file and serve such objections to Material General Unsecured Claims on or before the later of thirty (30) days after the Effective Date of the Plan or thirty (30) days a proof of claim for rejection damages is filed. Section 7.1(B) of the Plan further provides that the Creditors' Committee will have standing (x) to appear and be heard in connection with the administration of General Unsecured Claims and any pending objections to such Claims, (y) to file objections to any Material General Unsecured Claim as to which, despite the Committee's urging, the Reorganized Debtors elect not to object, and (z) to oppose any proposed settlement or compromise of a Material General Unsecured Claim that is advocated by the Reorganized Debtors

2. No Distributions Pending Allowance

Notwithstanding any other provision of the Plan, if any portion of an Administrative Expense Claim or Claim is Disputed, no payment or distribution provided in the Plan will be made on account of such Administrative Expense Claim or Claim unless and until such Disputed Administrative Expense Claim or Disputed Claim becomes Allowed.

3. Distributions After Allowance

To the extent that a Disputed Claim or Disputed Administrative Expense Claim ultimately becomes an Allowed Claim or Allowed Administrative Expense Claim, distributions (if any) will be made to the holder of such Allowed Claim or Allowed Administrative Expense Claim in accordance with the provisions of the Plan.

4. Resolution of Administrative Expense Claims and Claims

On and after the Effective Date, the Reorganized Debtors will have the authority to compromise, settle, otherwise resolve or withdraw any objections to Administrative Expense Claims and Claims against the Debtors and to compromise, settle or otherwise resolve any Disputed Administrative Expense Claims and Disputed Claims against the Debtors without approval of the Bankruptcy Court.

5. Estimation of Claims

The Debtors or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether any of the Debtors or the Reorganized Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, the amount so estimated will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

6. Interest

To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, the holder of such Claim will not be entitled to any interest thereon.

## F. PROVISIONS GOVERNING EXECUTORY CONTRACTS AND UNEXPIRED LEASES

### 1. Assumption or Rejection of Executory Contracts and Unexpired Leases

The Bankruptcy Code empowers the Debtors to assume or reject their executory contracts and unexpired leases. All executory contracts and unexpired leases that exist between the Debtors and any person or entity will be deemed rejected by the Debtors as of the Effective Date, except for any executory contract or unexpired lease (a) that has been assumed pursuant to an order of the Bankruptcy Court entered prior to the Effective Date and for which the motion was filed prior to the Confirmation Date, (b) as to which a motion for approval of the assumption of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date, or (c) that is specifically designated as a contract or lease to be assumed on Schedules 8.01(A) (executory contracts) or 8.01(B) (unexpired leases), which schedule will be contained in the Plan Supplement; provided, however, that the Debtors reserve the right, on or prior to the Confirmation Date, to amend such schedules to delete any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) will be deemed to be, respectively, either rejected or assumed as of the Effective Date; provided further, however, that agreements to refrain from offering employment to persons employed by the Debtors, refrain from competition with the Debtors' business, refrain from soliciting business from the Debtors' customers, protect the Debtors' confidential information from disclosure, or recognize the Debtors' ownership of intellectual property or inventions, shall remain in full force and effect and shall be enforceable by the Debtors or the Reorganized Debtors, as the case may be. The Debtors will provide notice of any amendments to Schedules 8.01(A) and/or 8.01(B) to the parties to the executory contracts and unexpired leases affected thereby. The listing of a document on Schedule 8.01(A) or 8.01(B) will not constitute an admission by the Debtors that such document is an executory contract or an unexpired lease or that the Debtors have any liability thereunder.

Notwithstanding the preceding paragraph, to the extent (1) the Debtors are party to any contract, service agreement, statement of work, letter of authorization or similar agreement providing for the sale of the Debtors' services to third parties, (2) any such agreement constitutes an executory contract and (3) such agreement (a) has not been rejected pursuant to a Final Order of the Bankruptcy Court, (b) is not subject to a pending motion for reconsideration or appeal of an order authorizing the rejection of such executory contract, or (c) is not subject to a motion to reject such executory contract filed on or prior to the Effective Date, such agreement will be assumed as of the Effective Date by the Debtor that performs the obligations to the client under such agreement, in accordance with the provisions and requirements of sections 365 and 1123(b)(2) of the Bankruptcy Code. The cure required to be paid in connection with the assumption of such a client-related agreement shall be $0.00.

### 2. Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order will, subject to and upon the occurrence of the Effective Date, constitute (a) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed pursuant to Section 8.1 of the Plan, (b) the extension of time, pursuant to section 365(d)(4) of the Bankruptcy Code, within which the Debtors may assume, assume and assign or reject the executory contracts and unexpired leases specified in Section 8.1 of the Plan through the date of entry of an order approving the assumption, assumption and assignment or rejection of such executory contracts and unexpired leases, and (c) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to Section 8.1 of the Plan.

3. Inclusiveness

Unless otherwise specified on Schedule 8.01(A) or 8.01(B) of the Plan Supplement, each executory contract and unexpired lease listed or to be listed therein will be inclusive of any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed on such Schedule 8.01(A) or 8.01(B).

4. Cure of Defaults

Except to the extent that different treatment has been agreed to by the parties, within thirty (30) days after the Effective Date, the Reorganized Debtors will cure any and all undisputed defaults under any executory contract or unexpired lease assumed by the Debtors pursuant to the Plan, in accordance with section 365(b) of the Bankruptcy Code. All disputed defaults that are required to be cured will be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Reorganized Debtors' liability with respect thereto, or as may otherwise be agreed to by the parties. Notwithstanding Section 8.1 of the Plan, the Debtors will retain their rights to reject any of their executory contracts or unexpired leases that are the subject of a dispute concerning amounts necessary to cure any defaults, in which event the Reorganized Debtors will make their election to reject such executory contracts and unexpired leases within thirty (30) days of the entry of a Final Order determining the amount required to be cured.

5. Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan

Proofs of Claim for damages arising out of the rejection of an executory contract or unexpired lease pursuant to Section 8.1 of the Plan must be filed with the Bankruptcy Court and served upon the attorneys for the Debtors or, on and after the Effective Date, the Reorganized Debtors, no later than thirty (30) days after the later of (a) notice of entry of an order approving the rejection of such executory contract or unexpired lease, (b) notice of entry of the Confirmation Order, (c) notice of amendment to Schedules 8.01(A) or 8.01(B) of the Plan Supplement (solely with respect to the party directly affected by such amendment), or (d) notice of the Debtors' election to reject under Section 8.4 of the Plan. All such proofs of Claim not filed within such time will be forever barred from assertion against the Debtors and their estates or the Reorganized Debtors and their property.

6. Indemnification Obligations

Subject to the occurrence of the Effective Date, the obligations of the Debtors as of the Commencement Date to indemnify, defend, reimburse or limit the liability of directors, officers or employees who are directors, officers or employees of the Debtors on or after the Confirmation Date, respectively, against any claims or causes of action as provided in the Debtors' articles of organization, certificates of incorporation, bylaws, other organizational documents or applicable law, will survive confirmation of the Plan, remain unaffected thereby and not be discharged, irrespective of whether such indemnification, defense, reimbursement or limitation is owed in connection with an event occurring before or after the Commencement Date.

7. Insurance Policies

Unless specifically rejected by order of the Bankruptcy Court, all of the Debtors' insurance policies which are executory, if any, and any agreements, documents or instruments relating thereto, will be assumed under the Plan. Nothing contained in Section 8.7 of the Plan will constitute or be deemed a waiver of any cause of action that the Debtors may hold against any entity, including, without limitation, the insurer, under any of the Debtors' policies of insurance.

8. Benefit Plans

Notwithstanding anything contained in the Plan to the contrary, unless rejected by order of the Bankruptcy Court, the Reorganized Debtors will continue to honor, in the ordinary course of business, all employee compensation and Benefit Plans of the Debtors, including Benefit Plans and programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Commencement Date and not since terminated; provided, however, that, to the extent the Transition Services Agreement is determined to be an executory contract by the Bankruptcy Court, Section 8.8 of the Plan shall not apply to the Transition Services Agreement.

9. Retiree Benefits

On and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the Reorganized Debtors will continue to pay all retiree benefits of the Debtors (within the meaning of and subject to section 1114 of the Bankruptcy Code) for the duration of the period for which the Debtors had obligated themselves to provide such benefits and subject to the right of the Reorganized Debtors to modify or terminate such retiree benefits in accordance with the terms thereof.

## G. CORPORATE GOVERNANCE AND MANAGEMENT OF THE REORGANIZED DEBTORS

1. General

On the Effective Date, the management, control and operation of Postconfirmation PRC and the other Reorganized Debtors will become the general responsibility of the Postconfirmation Board of Postconfirmation HoldCo.

2. Postconfirmation Board of Postconfirmation HoldCo

The initial Postconfirmation Board of Postconfirmation HoldCo will consist of five members, who will be selected as follows: three members by the class of equity interests issued to the holders of Allowed Prepetition First Lien Claims, one member by the class of equity interests issued to the holders of Allowed Prepetition Second Lien Claims, and one member from the management of Postconfirmation PRC. The initial members of the Postconfirmation Board of

Postconfirmation HoldCo, together with biographical information, will be set forth in the Plan Supplement.

3. Postconfirmation Organizational Documents

On the Effective Date, or as soon thereafter as practicable, to the extent necessary, the Reorganized Debtors will file their Postconfirmation Organizational Documents, as required or deemed appropriate, with the appropriate Persons in their respective jurisdictions of incorporation or establishment to reflect that: (a) Postconfirmation Intermediate HoldCo is the sole owner of the equity interests of Postconfirmation PRC and (b) Postconfirmation HoldCo is the sole owner of the equity interests of Postconfirmation Intermediate HoldCo.

4. Officers of the Reorganized Debtors

The officers of the Debtors immediately prior to the Effective Date will serve as the initial officers of the Reorganized Debtors on and after the Effective Date. Such officers will serve in accordance with applicable non-bankruptcy law, any employment agreement with the Reorganized Debtors, and the Postconfirmation Organizational Documents.

5. Postconfirmation Management Incentive Plan

On the Effective Date, Postconfirmation HoldCo will be deemed to have adopted the Postconfirmation Management Incentive Plan. The Debtors will seek approval of the Postconfirmation Management Incentive Plan at the Confirmation Hearing. Entry of the Confirmation Order will constitute such approval.

## H. CONDITIONS PRECEDENT TO EFFECTIVE DATE

1. Conditions Precedent to Effectiveness

The Effective Date will not occur and the Plan will not become effective unless and until the following conditions are satisfied in full or waived in accordance with Section 10.2 of the Plan:

(a) The Confirmation Order, in form and substance acceptable to the Debtors, the Prepetition Lenders, and the DIP Lenders, will have been entered and is a Final Order;

(b) The conditions precedent to the effectiveness of the Exit Facility are satisfied or waived by the parties thereto and the Reorganized Debtors have access to funding under the Exit Facility;

(c) All actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan are effected or executed and delivered, as applicable, in form and substance satisfactory to the Debtors; and

(d) All authorizations, consents and regulatory approvals, if any, required by the Debtors in connection with the consummation of the Plan are obtained and not revoked.

2. Waiver of Conditions

Each of the conditions precedent in Section 10.1 of the Plan may be waived, in whole or in part, upon written notice, signed by both the Debtors and the DIP Lenders (and, in the case of Section 10.1(a), the Prepetition Lenders). Any such waivers may be effected at any time, without notice, without leave or order of the Bankruptcy Court and without any formal action.

3. Satisfaction of Conditions

Except as expressly provided or permitted in the Plan, any actions required to be taken on the Effective Date will take place and will be deemed to have occurred simultaneously, and no such action will be deemed to have occurred prior to the taking of any other such action. In the event that one or more of the conditions specified in Section 10.1 of the Plan have not occurred or otherwise been waived pursuant to Section 10.2 of the Plan, (a) the Confirmation Order will be vacated, (b) the Debtors and all holders of Claims and interests, including any Preconfirmation Equity Interests, will be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred and (c) the Debtors' obligations with respect to Claims and Preconfirmation Equity Interests will remain unchanged and nothing contained herein will constitute or be deemed a waiver or release of any Claims or Preconfirmation Equity Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors.

## I. EFFECT OF CONFIRMATION

1. Continued Vesting of Assets

On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, the Debtors, their properties and interests in property and their operations will be released from the custody and jurisdiction of the Bankruptcy Court, and all property of the estates of the Debtors will continue to vest in the Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests, except as provided in the Plan. From and after the Effective Date, the Reorganized Debtors may operate their business and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, subject to the terms and conditions of the Plan.

2. Binding Effect

Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan will bind any holder of a Claim against, or Preconfirmation Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or interests including any Preconfirmation Equity Interest of such holder is impaired under the Plan, whether or not such holder has accepted the Plan and whether or not such holder is entitled to a distribution under the Plan.

3. Discharge of Claims and Termination of Preconfirmation Equity Interests

Except as provided in the Plan, the rights afforded in and the payments and distributions to be made under the Plan will terminate all Preconfirmation Equity Interests and discharge all existing debts and Claims of any kind, nature or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as provided in the Plan, upon the Effective Date, all existing Claims against the Debtors and Preconfirmation Equity Interests will be, and will be deemed to be, discharged and terminated, and all holders of such Claims and Preconfirmation Equity Interests will be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees or any of their assets or properties, any other or further Claim or Preconfirmation Equity Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of Claim or proof of Preconfirmation Equity Interest and whether or not the facts or legal bases therefor were known or existed prior to the Effective Date.

4. Discharge of Debtors

Upon the Effective Date, in consideration of the distributions to be made under the Plan and except as otherwise expressly provided in the Plan, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Preconfirmation Equity Interest and any Affiliate of such holder will be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Preconfirmation Equity Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons will be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Preconfirmation Equity Interest in the Debtors.

5. **Injunction or Stay**

**Except as otherwise expressly provided under the Plan or in the Confirmation Order, all Persons or entities who have held, hold or may hold Claims against or Preconfirmation Equity Interests in the Debtors are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Preconfirmation Equity Interest against any of the Reorganized Debtors, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against any Reorganized Debtor with respect to such Claim or Preconfirmation Equity Interest, (c) creating, perfecting or enforcing any encumbrance of any kind against any Reorganized Debtor or against the property or interests in property of any Reorganized Debtor with respect to such Claim or Preconfirmation Equity Interest, (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due to any Reorganized Debtor or against the property or interests in property of any Reorganized Debtor with respect to such Claim or Preconfirmation Equity Interest and (e) pursuing any claim released pursuant to Article XI of the Plan.**

6. **Terms of Injunction or Stay**

**Unless otherwise provided in the Confirmation Order, all injunctions or stays arising under or entered during the Reorganization Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, that are in existence on the Confirmation Date will remain in full force and effect until the Effective Date; provided, however, that no such injunction or stay will preclude enforcement of parties' rights under the Plan and the related documents.**